

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Goodwell Township	County Newaygo
Audit Date 3/31/05	Opinion Date 10/18/05	Date Accountant Report Submitted to State: 10/28/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

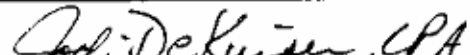
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) Hendon & Slate P.C.			
Street Address 711 W Main	City Fremont	State MI	ZIP 49412
Accountant Signature 			Date 10/28/05

**GOODWELL TOWNSHIP
NEWAYGO COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

MARCH 31, 2005

GOODWELL TOWNSHIP
Newaygo County

Township Board

	<u>Position</u>
Barbara Shafer	Supervisor
Mary Kaiser	Clerk
Paul Fetterley	Treasurer
David Krueger	Trustee
Sue Ross	Trustee

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Hendon & Slate, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



October 18, 2005

Township Board
Goodwell Township
Newaygo County, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goodwell Township, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Goodwell Township, Michigan, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Goodwell Township, Michigan, as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, Goodwell Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 31, 2005.

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October 18, 2005

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The management's discussion and analysis and budgetary comparison information on pages 3 through 4 and 17 through 19, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Goodwell Township, Michigan's basic financial statements. The additional supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hendon & Slate

Hendon & Slate, P.C.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 16% from one year ago. The main reason for such a large increase was from the reduction of expenditures in the Road Fund. The Road Fund collected approximately \$35,000 in revenue, however only spent \$18,000, creating an increase of \$17,000 or an 80% increase in net assets. Due to the large costs of road projects, the Board has elected to accumulate funds for a future project. In a condensed format, the table below shows key financial information (in future years, when prior year information is available, a comparative analysis of government wide data will be presented):

	Governmental Activities 2005
Current Assets	\$ 166,651
Noncurrent Assets	<u>613</u>
Total Assets	<u>\$ 167,264</u>
Current Liabilities	<u>\$ 9,420</u>
Net Assets	
Invested in Capital Assets	\$ 613
Unrestricted	<u>157,231</u>
Total Net Assets	<u>\$ 157,844</u>
Program Revenues	
Charges for Services	\$ 475
General Revenues	
Property Taxes	72,519
State Grants	38,107
Interest Income	976
Miscellaneous	<u>5,787</u>
Total Revenues	117,864
Program Expenses	
General Government	47,744
Public Safety	31,991
Public Works	11,807
Other Functions	<u>4,635</u>
Total Expenses	<u>96,177</u>
Change in Net Assets	<u>\$ 21,687</u>

Management's Discussion and Analysis (Continued)

The Township's total net assets continue to remain healthy. Unrestricted net assets is 163% of total expenses. This means the Township could operate approximately 19 months with no revenue, however, the Township has intentions of using some of the unrestricted net assets for future road and other projects during the 2005-2006 year.

Governmental Activities

The Township's total governmental revenues increased by approximately \$5,700, due mainly from an increase in property taxes.

Current year expenditures were approximately \$36,000 less than last year. Of this, the Road Fund reduced its expenditures roughly \$39,000.

Currently Goodwell Township has no long-term debts or commitments for capital expenditures.

The Township's Fund

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such a special property tax millages. The Township's major funds for 2005 include the General Fund, Fire Fund, and Road Fund. There are no nonmajor funds.

General Fund Budgetary Highlights

Over the course of the year, the Township Board found it necessary to amend the budget for the General Fund to take into account events during the year. In the General Fund, the revenue budget remained the same, while the expenditure budget increased approximately \$1,600.

Capital Asset and Debt Administration

At March 31, 2005, the Township had \$4,646 invested in land and buildings. In addition, the Township invested approximately 30% of its total expenditure to maintain roads. These expenses are not considered capital expenditures and thus not reported in the Financial Statements as such. Michigan law treats these roads as the property of the County Road Commission.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2005-2006 will be similar to the 2004-2005 final amended budget. The budget for expenditures increased \$41,000 as the Township anticipates more road improvements. In addition, the Township is budgeting with anticipation of spending funds which have been accumulated over the past several years for road and other projects.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

GOODWELL TOWNSHIP

Government Wide Statement of Net Assets March 31, 2005

	Governmental <u>Activities</u>
ASSETS	
Cash	\$ 148,088
Accounts Receivable - Fiduciary Funds	11,192
Taxes Receivable	5,661
Prepaid Insurance	1,710
Property and Equipment	4,245
Accumulated Depreciation	(4,033)
Land	<u>401</u>
Total Assets	167,264
 LIABILITIES	
Accounts Payable	1,752
Due to Other Units	<u>7,668</u>
Total Liabilities	<u>9,420</u>
 NET ASSETS	
Invested in Capital Assets Net of Related Debt	613
Unrestricted Net Assets	<u>157,231</u>
Total Net Assets	<u><u>\$ 157,844</u></u>

The Notes to the Financial Statements are an integral part of this statement.

GOODWELL TOWNSHIP

Government Wide Statement of Activities March 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Net (Expenses) Revenue</u> <u>And Changes in Net Assets</u> <u>Governmental Activities</u>
Primary Government:			
Governmental Activities:			
General Government	\$ 47,744	\$ 475	\$ (47,269)
Public Safety	31,991	-	(31,991)
Public Works	11,807	-	(11,807)
Other Functions	<u>4,635</u>	<u>-</u>	<u>(4,635)</u>
Total Governmental Activities	<u>\$ 96,177</u>	<u>\$ 475</u>	<u>\$ (95,702)</u>
	Property Taxes	\$ 72,519	
	State Shared Revenue		38,107
	Interest		976
	Miscellaneous		<u>5,787</u>
	Total General Revenues		<u>117,389</u>
	Change in Net Assets		21,687
	Net Assets - Beginning		<u>136,157</u>
	Net Assets - Ending		<u>\$ 157,884</u>

The Notes to the Financial Statements are an integral part of this statement.

GOODWELL TOWNSHIP

Governmental Fund Balance Sheet March 31, 2005

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Road Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash	\$ 70,062	\$ 27,270	\$ 50,756	\$ 148,088
Taxes Receivable	1,833	1,044	2,784	5,661
Due from Other Funds-Fiduciary	<u>4,575</u>	<u>6,617</u>	<u>-</u>	<u>11,192</u>
 Total Assets	 <u><u>\$ 76,470</u></u>	 <u><u>\$ 34,931</u></u>	 <u><u>\$ 53,540</u></u>	 <u><u>\$ 164,941</u></u>
 LIABILITIES				
Accounts Payable	\$ 1,752	\$ -	\$ -	\$ 1,752
Due to Other Governments	<u>1,051</u>	<u>6,617</u>	<u>-</u>	<u>7,668</u>
 Total Liabilities	 2,803	 6,617	 -	 9,420
 FUND BALANCES				
Unrestricted	<u>73,667</u>	<u>28,314</u>	<u>53,540</u>	<u>155,521</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 76,470</u></u>	 <u><u>\$ 34,931</u></u>	 <u><u>\$ 53,540</u></u>	 <u><u>\$ 164,941</u></u>

The Notes to the Financial Statements are an integral part of this statement.

GOODWELL TOWNSHIP

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Fiscal Year Ended March 31, 2005

Total Governmental Fund Balances		\$ 155,521
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	4,646	
Governmental Accumulated Depreciation	<u>(4,033)</u>	613

Prepaid expenses are reported under the purchases method under the fund statements; however, the consumption method is used for the government-wide statements

Prepaid Insurance	<u>1,710</u>
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Total Net Assets - Governmental Activities	<u><u>\$ 157,844</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

GOODWELL TOWNSHIP

Governmental Fund Statements of Revenue, Expenditures and Changes in Fund Balance March 31, 2005

	General <u>Fund</u>	Fire <u>Fund</u>	Road <u>Fund</u>	Total Governmental <u>Funds</u>
Revenues				
Property Taxes	\$ 23,994	\$ 13,233	\$ 35,292	\$ 72,519
State Grants	38,107	-	-	38,107
Interest	606	180	190	976
Miscellaneous	<u>2,209</u>	<u>-</u>	<u>4,053</u>	<u>6,262</u>
 Total Revenues	 64,916	 13,413	 39,535	 117,864
Expenditures				
General Government	47,744	-	-	47,744
Public Safety	1,377	12,309	18,305	31,991
Public Works	11,807	-	-	11,807
Other Functions	<u>5,343</u>	<u>-</u>	<u>-</u>	<u>5,343</u>
 Total Expenditures	 <u>66,271</u>	 <u>12,309</u>	 <u>18,305</u>	 <u>96,885</u>
 Excess Revenues Over (Under) Expenditures	 (1,355)	 1,104	 21,230	 20,979
 Fund Balance - April 1	 <u>75,022</u>	 <u>27,210</u>	 <u>32,310</u>	 <u>134,542</u>
 Fund Balance - March 31	 <u><u>\$ 73,667</u></u>	 <u><u>\$ 28,314</u></u>	 <u><u>\$ 53,540</u></u>	 <u><u>\$ 155,521</u></u>

The Notes to the Financial Statements are an integral part of this statement.

GOODWELL TOWNSHIP

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities March 31, 2005

Net Changes in Fund Balances - Total Governmental Funds	\$ 20,979
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Amounts reported for governmental activities in the Statement of
Activities are different because:

Some expenses reported in the governmental funds do not require
the use of current financed resources and, therefore, are not
reported as expenditures in the Statement of Activities:

Prepaid Insurance	<u>708</u>
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Changes in Net Assets - Governmental Activities	<u><u>\$ 21,687</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

GOODWELL TOWNSHIP

Statement of Net Assets - Fiduciary Funds
March 31, 2005

	<u>Tax Funds</u>
ASSETS	
Cash	<u>\$ 11,192</u>
 LIABILITIES	
Due to Other Funds	<u>\$ 11,192</u>

The Notes to the Financial Statements are an integral part of this statement.

GOODWELL TOWNSHIP

Notes to the Financial Statements For the Fiscal Year Ended March 31, 2005

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Goodwell Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Goodwell Township:

In fiscal year 2005, the Township adopted GASB Statement No. 34, "*Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments.*" requires new basic financial statements for reporting on the Township's financial activities. The effect of this change was to include management's discussion and analysis and include the government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information on major funds, rather than by fund type.

1. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

- b. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
- c. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based upon this criteria, there are no other entities included in this report.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for property taxes, which are recognized as revenue in the year for which they are levied. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

1. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2004 delinquent taxes of \$5,661 were received in May 2005, thus recorded as a receivable.

Notes to the Financial Statements (Continued)

The 2004 taxable valuation of the Township totaled \$17,752,300 on which ad valorem taxes levied consisted of .9424 mills for general operating, 0.750 mills for fire operating, and 2.00 mills for roads raising \$16,777 for operation, \$7,217 for PTAF, \$13,233 for fire operational, and \$35,292 for roads. These amounts are recognized in the respective general and special revenue fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the resources of property tax revenue and charges for services that are restricted for operational purposes.

The Road Fund accounts for the resources of property tax revenue and expenditures that improve and construct Township roads.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include charges to customers or applicants for goods, services or privileges provided. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

4. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, CD's, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds". All receivables are to be received within one year.

Inventories and Prepaid Items - Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year-end. The Township reports prepaid insurance in the Government-Wide Financial Statements under the consumption method. Under the consumption method, insurance is expensed when used, not when the premium is paid as under the purchase method.

Restricted Assets - Certain payments to vendors reflect costs applicable to future accounting periods. There were no such items at year-end.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased

Notes to the Financial Statements (Continued)

or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Office Equipment	10 years
General Equipment	15 years

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit did not incur expenditures in which were materially in excess of the amounts appropriated.

NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated Independent Bank for the deposit of Local Unit funds.

The Township's deposits are in accordance with statutory authority.

At year-end, the Township's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 148,088	\$ 11,192	\$ 159,280

Notes to the Financial Statements (Continued)

The bank balance of the Township's deposits is \$160,737, of which \$133,341 is covered by federal depository insurance, \$27,396 is uninsured.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

NOTE D CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 401	\$ -	\$ -	\$ 401
Capital Assets Being Depreciated				
Buildings	1	-	-	1
Equipment	<u>4,244</u>	<u>-</u>	<u>-</u>	<u>4,244</u>
	4,245	-	-	4,245
Less Accumulated Depreciation for				
Buildings	1	-	-	1
Equipment	<u>4,032</u>	<u>-</u>	<u>-</u>	<u>4,032</u>
	4,033	-	-	4,033
Net Capital Assets Being Depreciated	<u>212</u>	<u>-</u>	<u>-</u>	<u>212</u>
Total Governmental Activities Capital				
Capital Assets - Net of Depreciation	<u>\$ 613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613</u>

No depreciation expense was charged to programs of the primary government because all assets have been fully depreciated.

NOTE F RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

GOODWELL TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for the General Fund For the Year Ended March 31, 2005

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ 76,223	\$ 76,223	\$ 75,022	\$ (1,201)
Resources (Inflows)				
Property Taxes	21,512	21,512	23,994	2,482
State Grants	38,974	38,974	38,107	(867)
Cemetery Lot Sales	500	500	150	(350)
Interest	800	800	606	(194)
Charges for Services	1,000	1,000	475	(525)
Miscellaneous	<u>800</u>	<u>800</u>	<u>1,584</u>	<u>784</u>
Amounts Available for Appropriation	<u>\$ 139,809</u>	<u>\$ 139,809</u>	<u>\$ 139,938</u>	<u>\$ 129</u>
Changes to Appropriations (Outflows)				
General Government	\$ 52,850	\$ 52,850	\$ 47,744	\$ 5,106
Public Safety	2,600	2,600	1,377	1,223
Public Works	15,000	15,000	11,807	3,193
Other Functions	<u>15,100</u>	<u>16,700</u>	<u>5,343</u>	<u>11,357</u>
Total Charges for Appropriations	85,550	87,150	66,271	20,879
Budgetary Fund Balance				
- March 31, 2005	<u>\$ 54,259</u>	<u>\$ 52,659</u>	<u>\$ 73,667</u>	<u>\$ 21,008</u>

GOODWELL TOWNSHIP

Required Supplementary Information
Budgetary Comparison Schedule for the Fire Fund
For the Year Ended March 31, 2005

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ 26,303	\$ 26,303	\$ 27,210	\$ 907
Resources (Inflows)				
Property Taxes	11,686	11,686	13,233	1,547
Interest	<u>500</u>	<u>500</u>	<u>180</u>	<u>(320)</u>
Amounts Available for Appropriation	<u>\$ 38,489</u>	<u>\$ 38,489</u>	<u>\$ 40,623</u>	<u>\$ 2,134</u>
Changes to Appropriations (Outflows)				
Public Safety	<u>\$ 17,186</u>	<u>\$ 17,186</u>	<u>\$ 12,309</u>	<u>\$ 4,877</u>
Total Charges to Appropriations	17,186	17,186	12,309	4,877
Budgetary Fund Balance - March 31, 2005	<u>\$ 21,303</u>	<u>\$ 21,303</u>	<u>\$ 28,314</u>	<u>\$ 7,011</u>

GOODWELL TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for the Road Fund For the Year Ended March 31, 2005

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ 29,890	\$ 29,890	\$ 32,310	\$ 2,420
Resources (Inflows)				
Property Taxes	31,170	31,170	35,292	4,122
Interest	150	150	190	40
Miscellaneous	<u>500</u>	<u>500</u>	<u>4,053</u>	<u>3,553</u>
Amounts Available for Appropriation	<u>\$ 61,710</u>	<u>\$ 61,710</u>	<u>\$ 71,845</u>	<u>\$ 10,135</u>
Changes to Appropriations (Outflows)				
Public Safety	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 18,305</u>	<u>\$ 16,695</u>
Total Charges to Appropriations	35,000	35,000	18,305	16,695
Budgetary Fund Balance - March 31, 2005	<u>\$ 26,710</u>	<u>\$ 26,710</u>	<u>\$ 53,540</u>	<u>\$ 26,830</u>

GOODWELL TOWNSHIP

Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund For the Fiscal Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Property Taxes	\$ 15,512	\$ 16,777	\$ 1,265
Property Tax Administration Fee	6,000	7,217	1,217
State Grants	38,974	38,107	(867)
Cemetery Lot Sales	500	150	(350)
Interest on Investments	800	606	(194)
Charges for Service	1,000	475	(525)
Miscellaneous	<u>800</u>	<u>1,584</u>	<u>784</u>
Total Revenues	63,586	64,916	1,330
Expenditures			
General Government			
Township Board			
Salaries and Wages		4,805	
Taxes and Fringes		2,127	
Printing & Publishing		662	
Dues		378	
Professional Services		1,752	
Miscellaneous		<u>616</u>	
	9,700	10,340	(640)
Supervisor			
Salaries and Wages		6,200	
Supplies		<u>234</u>	
	6,500	6,434	66
Elections			
Salaries and Wages		1,120	
Supplies		<u>745</u>	
	2,300	1,865	435
Assessor			
Supplies		742	
Professional Services		<u>5,947</u>	
	\$ 9,750	\$ 6,689	\$ 3,061

Statement of Revenues, Expenditures and Change in
Fund Balance - Budget and Actual - General Fund (Continued)

	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
Clerk			
Salaries and Wages		\$ 6,200	
Office Supplies		<u>602</u>	
	\$ 6,800	6,802	\$ (2)
Board of Review			
Salaries and Wages		990	
Supplies		<u>73</u>	
	1,400	1,063	337
Treasurer			
Salaries and Wages - Treasurer		6,200	
Office Supplies		<u>988</u>	
	7,200	7,188	12
Township Hall			
Supplies		1,502	
Professional Services		2,501	
Repairs and Maintenance		<u>1,043</u>	
	5,200	5,046	154
Cemetery			
Salaries and Wages		1,750	
Repairs and Maintenance		<u>567</u>	
	<u>4,000</u>	<u>2,317</u>	<u>1,683</u>
Total General Government	52,850	47,744	5,106
Public Safety			
Zoning Board			
Salaries and Wages		1,150	
Professional Services		<u>227</u>	
Total Public Safety	2,600	1,377	1,223
Public Works			
Highways, Streets and Bridges			
Contracted Services - Road Work		<u>11,807</u>	
Total Public Works	\$ 15,000	\$ 11,807	\$ 3,193

Statement of Revenues, Expenditures and Change in
Fund Balance - Budget and Actual - General Fund (Continued)

	<u>Budget</u>	Favorable <u>Actual</u>	<u>(Unfavorable)</u>
Other Functions			
Insurance	\$ 5,400	\$ 5,343	\$ 57
Contingency	<u>11,300</u>	<u>-</u>	<u>11,300</u>
Total Other Functions	<u>16,700</u>	<u>5,343</u>	<u>11,357</u>
 Total Expenditures	 <u>87,150</u>	 <u>66,271</u>	 <u>20,879</u>
Excess Revenues Over (Under) Expenditures	(23,564)	(1,355)	22,209
Fund Balances - Beginning of Year	<u>76,223</u>	<u>75,022</u>	<u>(1,201)</u>
Fund Balances - End of Year	<u>\$ 52,659</u>	<u>\$ 73,667</u>	<u>\$ 21,008</u>

Companies



Hendon & Slate, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



October 24, 2005

Goodwell Township Board
3087 N. Cypress
White Cloud, Michigan 49327

Dear Board Members:

In connection with our recent examination of the Financial Statements of Goodwell Township for the fiscal year ended March 31, 2005, we offer the following comments and recommendations:

Books and Records

The clerk and treasurer did a good job of maintaining a complete general ledger and receipts and disbursements journal. Although some auditing adjustments were required, the number and type of adjustments were reasonable.

State of Michigan Public Act 2 of 1968 as amended (MCL 141.421 to 141.440a) requires local units of government to follow the uniform chart of accounts as provided by the Michigan Department of Treasury. Currently account numbers are not being used on the financial statements or in the books of original entry (receipts and disbursements journal and the general ledger). We recommend the Township include account numbers in the books of original entry to comply with the State of Michigan. These account numbers will also aid in the preparation of the F-65 as the F-65 is based upon the uniform chart of accounts. A copy of the uniform chart of accounts will be provided for your reference.

During the course of the audit we were unable to locate copies of the bank reconciliation reports. We recommend the treasurer perform reconciliations for each bank account monthly. These reports should be prepared separately and attached to the bank statement. By creating separate reports anyone can go back to any specific period and see the account was reconciled and the transactions that were included in the reconciliation. On the back of the bank statement is a worksheet that can also be used to reconcile the account.

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Muskegon
950 W. Norton Ave.
Suite 500
Muskegon, MI 49441
Phone (231) 733-0076
Fax (231) 733-0185

Hart
2332 North Comfort Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

Whitehall
116 W. Colby, Suite B
Century Building
Whitehall, MI 49461
Phone (231) 893-6772
Fax (231) 893-6773

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October 24, 2005

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Capitalization Policy

We noted that the Township lacked a capitalization policy as of March 31, 2005. We have verbally communicated this to the Clerk and believe that the Township Board will approve the policy at the next meeting held by the Board.

F-65 Available On-Line

Just a reminder that form F-65 can be downloaded from the Michigan Department of Treasury's web site in either Excel or PDF formats. These forms can be accessed from www.michigan.gov/treasury then click on the local government tab and select forms/instructions. Hopefully this will make it easier to complete the F-65.

Qualifying Statement (Form 3883)

This is the second year The State of Michigan has required the Municipal Finance Qualifying Statement to be filed on-line. It appears many local government have forgotten to complete this statement. Please visit www.michigan.gov/treasury to complete this form.

We would like to thank the board for the opportunity to provide your March 31, 2005 audit. We will be happy to assist in the implementation of any of the recommendations mentioned in this letter or answer any questions on concerns you may have. We look forward to working with you in the future.

Respectfully submitted,

A handwritten signature in black ink that reads "Jodi DeKuiper, CPA". The signature is written in a cursive, flowing style.

Jodi DeKuiper, CPA
Hendon & Slate, P.C.
Certified Public Accountants